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Variable geometry for DMOs
A principle for effective business development in tourist destinations

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ABSTRACT

This paper proposes a new perspective of the role of DMOs in Europe, particularly in Switzerland, by bringing forward the concept of variable geometry with overlapping strategic business fields (sbf's). In the past, local and regional DMOs have served the needs of the enterprises and the community from a purely territorial perspective. We suggest tracing tourist destination boundaries from the viewpoint of activities and attractions, visited by a strategically relevant and rather similar group of tourists. For three DMOs, we have carried out a series of workshops with the local tourist elite to identify the current and future strategic business fields (sbf's). The resulting boundaries of the sbf's were the basis for discussing (1) the future geographic area of responsibility for the DMOs, (2) the role of the DMO for the sbf's, (3) future cooperative initiatives with neighboring DMOs, (4) alternative and specific approaches of financing and governing the DMOs.

Key words: *destination management organization (DMO), strategic business fields, variable geometry*

INTRODUCTION

Destination Management Organizations (DMO) in Europe but also in many other regions of the world are currently facing numerous challenges such as the adaptation to progress in information and communication technology in travel, the entry of new intermediaries for marketing, distribution, and sales, as well as the competition of privately financed Destination Management Companies (DMC). Simultaneously, the public funds that historically were the main basis of financial sources for DMOs, namely municipal and regional subsidies as well as overnight taxes are constantly eroding and causing decreasing budgets in times of additional challenges and duties.

While today we know which the general tasks of DMOs at different levels (local, regional, national) are (WTO, 2004), how internal and external marketing functions of DMOs

must be differentiated (Presenza, Sheehan, & Ritchie, 2005), or which roles must be taken into account based on the given stakeholder structure (Getz, Anderson, & Sheehan, 1998), research literature is only at its beginning when it comes to address the business and therefore demand oriented perspective of DMO tasks, or in other words: What must the DMOs do, in order to improve the business related part of the destination? In previous contributions the business orientation of DMOs has been addressed from a structural (Ritchie & Crouch, 2003), from a process (Sainaghi, 2006), and lately from a spatial perspective (Beritelli, Bieger, & Laesser, 2009). This paper ties in with the previous processes of DMO reforms in Switzerland (Bieger, 1998) and presents a new approach at understanding these organizations so that they can create value for their business partners in the destination. The empirical results are produced from a project funded by the Swiss Department of Economics, which aims at reconfiguring the organizational landscape of local and regional DMOs in the country.

LITERATURE AND CONCEPTUAL MODEL

Two literature streams have guided us in developing the conceptual model for the empirical study: (1) the role of attractions and activities in space from the viewpoint of the visitor and (2) the overlapping of the visitor chosen spaces in the so-called variable geometry. First, we must consider that visitor segments in tourist destinations vary according to their length of stay, mobility levels, origin of the tourist, etc. (Debbage, 1991). As a matter of fact, visitors choose destinations based on attractions and activities which in return induce them to move in a particular area (Leiper, 1990; Richards, 2002). More recent studies have shown that these areas are often clearly identifiable, up to the point that they can be localized with single points on maps or drawn as spaces of stopovers and movements (Espelt & Benito, 2006; Leask, 2010; Shoval & Raveh, 2004; Van der Ark & Richards, 2006). These studies have also shown that when we analyze visitor attraction perimeters with according activities, we look at significant demand flows, often indicating strategically relevant business fields for the whole destination. Second, the idea of variable geometry originates from the aviation industry and describes the modification of aircraft wing angles during the flight, so that the aircraft shape (i.e. its geometry) adapts ideally to speed and altitude conditions. Yet, more recently, variable geometry in politics and business refers to the capability of governments or public and private organizations to adapt to different development conditions and dynamics (Hooghe & Marks, 2003; Hyman, 2001; Jones & MacLeod, 2004).

Perhaps the most prominent exponent of this concept is Castells with his idea of the space of flows (Castells, 1989). According to Castells “the connection between production and reproduction... requires an adequate linkage to the place-based system of formation and development of labor. This linkage must be explicitly recognized by each locality, so that locally-based labor will be able to provide the skills required in the production system at the precise point of its connection in the network of productive exchanges. Labor – and indeed, individual citizens – must develop an awareness of the precise role of their place-based activities in the functional space of flows.” (Castells, 1989, p. 351). By ‘flows’ Castells understands “...purposeful, repetitive, programmable sequences of exchange and interaction between physically disjointed positions held by social actors in the economic, political, and symbolic structures of society...” (Castells, Francke, & Ham, 2006, p. 8). Consequently, the economy creates a “variable geometry of production and consumption, labor and capital management and information” (Castells, 1989, p. 348), just as it is for strategically relevant attractions and activities in tourist destinations.

Building on the above mentioned considerations, we can draw a series of principles to identify the business related role of DMOs or, in other words, their added value in the economic system of the tourist destination:

1. Destination areas comprehend one or more spaces, to which relevant numbers of visitors travel to and where they spend their time and money.
2. Visited attractions, executed activities, and lived experiences by those tourists are identifiable in approximate sets, each one consisting of specific traveler segments with similar motivations and similar activities.
3. The identified sets are localizable in space and represent strategic business fields (sbf) for the destination's tourist development.
4. Behind these sbf's, there is a system of enterprises and organizations (private and public) which implicitly or explicitly collaborate and create values for the visitors.
5. DMOs can create additional value to the destination if (1) they recognize which sbf's are relevant and (2) they can support or foster the sbf's in need or the ones in development.

In order to operationalize this concept, we have carried out a pilot project described in the following section.

EMPIRICAL STUDY AND METHODOLOGY

Pilot destinations

The three pilot destinations for the study are (1) Interlaken located in the Bernese Oberland, with the local DMO Tourismus-Organisation Interlaken (TOI), (2) Nyon located at the lake of Geneva, with the local DMO Nyon Région Tourisme (NRT), and (3) St. Gallen, located in Northeast of Switzerland, with the local DMO St. Gallen-Bodensee Tourismus (SGBT). The destinations were chosen (a) because the involved DMOs with their management teams and boards and other prominent actors were open for the change process (i.e. they were well-disposed to critically question the current way the DMO worked) and (b) because the three destinations are located in areas where there is clearly more than one strategic business field and therefore a rather complex system of stakeholder interests and bargaining processes.

Participant selection

For each destination we have identified the most salient actors of the destinations which represent the most important institutions and organizations. The resulting workgroups consisted of (1) the most important individuals in the board of directors of the DMO, (2) additional CEOs and owners of important enterprises, (3) additional important exponents of the public sector. By doing so, the strategic elite (Parsons, 1963) of the destination was involved in the process. The group sizes varied between 14 and 19 individuals.

Identification approach

In a series of workshops the participants were asked to collectively agree upon the main strategic business fields of today and for the future (next 10 to 15 years). The guiding questions for the identification of the strategic business fields were (a) who? (Which tourists, which origin, how can we best describe them, which are their needs?) (b) What? (What do

they do, and when; how do they spend their time and money?) (c) Where? (Where do they stay, from where do they come and where do they go to?).

Limitations

The approach holds some limitations. First, even if the participants were the most knowledgeable individuals of their communities, they couldn't know everything about the current and future strategic business fields. Second, the identified areas on the maps were rather fuzzy, i.e. the real perimeters of stopovers and movement may look different; in addition, they may change, as activities and attractions could be added or disappear, or just because not all visitors do all the same things and follow exactly the same paths. Hence, the process was led under bounded rationality (Simon, 1991). Nonetheless, consensus was always reached on the question whether a business field was of strategic importance and which main activities and attractions it comprised.

RESULTS

The results are best seen on the following three figures. The figures have been produced with PowerPoint, the background maps are extracted from google maps. During the workshops manual sketches on the maps were used as drafts for discussion. As consensus on the areas to be included/ excluded (together with according attractions and activities) increased during the discourse, the participants agreed on the general boundaries of the sbf. The latter eventually was the blueprint for the final version on PowerPoint.

Figure 1 shows the overlapping sbf's for SGBT in contrast to the traditional, territorial perspective. For the case of SGBT the extension of the geographical scope of the DMO goes far beyond the previous destination boundaries and requires the organization to offer its services to tourist enterprises which are currently being represented by other DMOs. A similar picture is shown for the cases of TOI and NRT. As the discussion on the role of the DMO for the sbf's progresses, the participants determine which sbf's are served best by which DMO, causing a cooperation process with neighboring destinations/ DMOs, aimed at optimizing the resources in the wider region.

Figure 1: Variable geometry by overlapping sbf's for SGBT

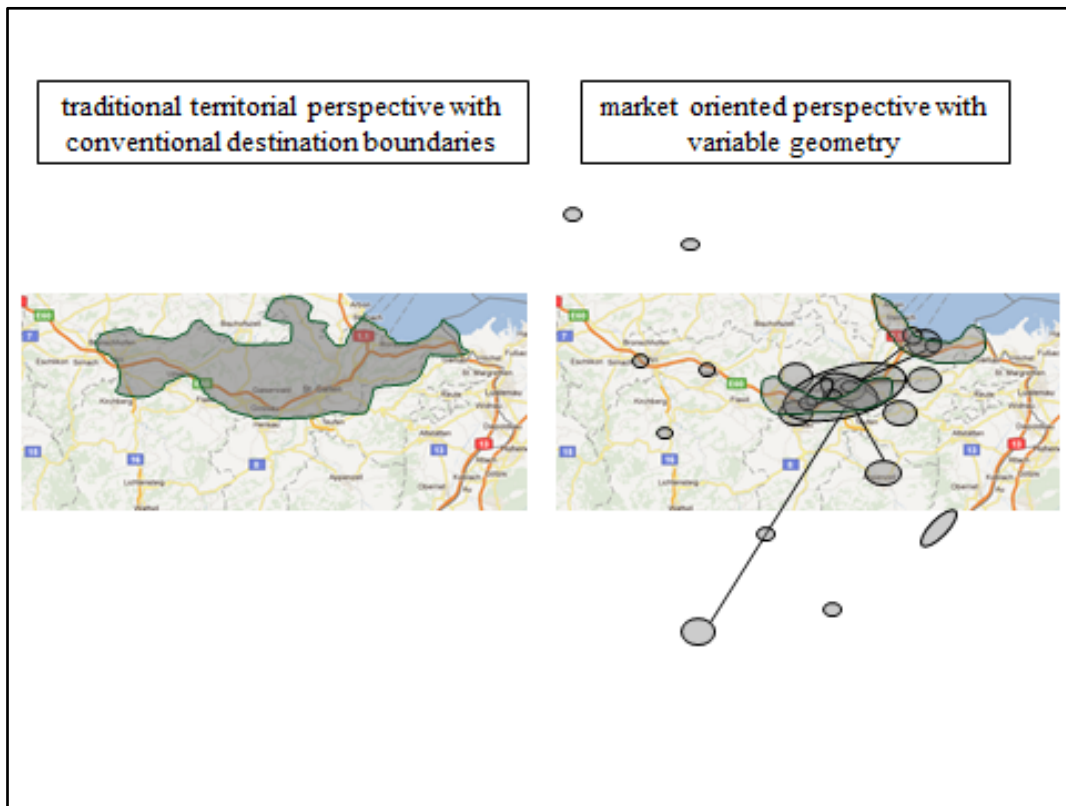


Figure 2: Variable geometry by overlapping sbf's for TOI

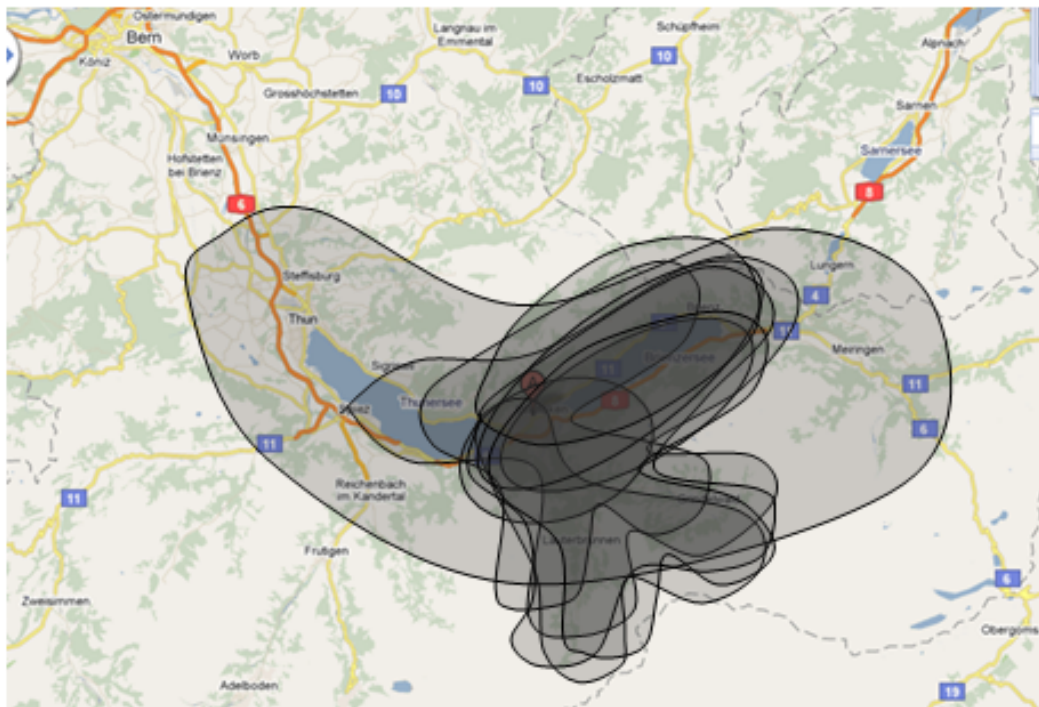
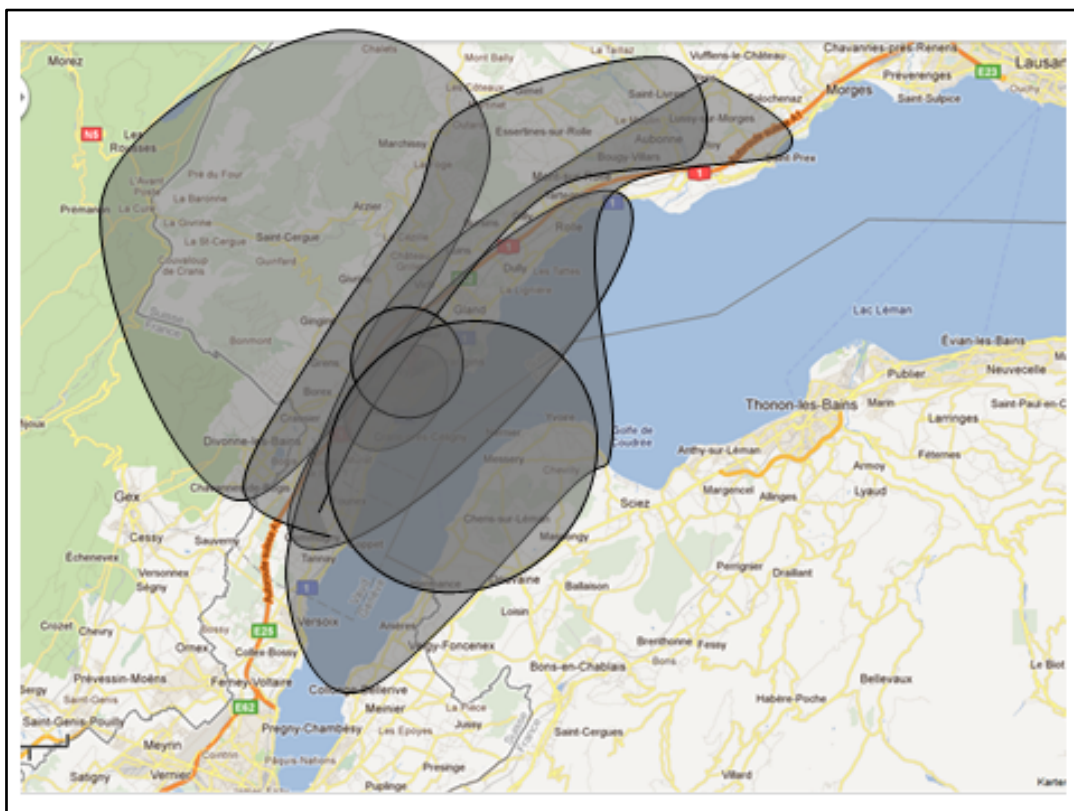


Figure 3: Variable geometry by overlapping sbf's for NRT



DISCUSSION AND CONCLUSION

The pilot project has been successful, as it fundamentally changes the common understanding of DMO roles and tasks in Switzerland. The viewpoint of the variable geometry differs significantly from the tradition of DMOs in Europe, as it requires the organizations

1. to move away from a strictly territorial perspective, in which the DMO must serve all the single stakeholders and enterprises in a given political-administrative area to a demand and therefore business oriented understanding of the destination's boundaries,
2. to actively identify the current and future sbf's of the destination, and to coercively initiate a strategic discourse in the destination's community with the relevant enterprises,
3. to reorient its tasks and activities beyond passive information delivery in the place (i.e. information bureau), beyond delivering common public services (i.e. signalizations, maintenance of hiking trails, sports centers, etc.), beyond providing 'aesthetic marketing' for the place (i.e. brand management, general advertising, mood making print and online material), towards a focused product development and business model oriented support of productive networks of organizations.

Further research addresses (1) validating the geographic boundaries of sbf's by empirical data based on visitor activities, expenditures, and flows, (2) installing the strategic and operative processes together with the relevant organizations and institutions (DMO role, financing, governance), (3) analyzing the organizational stability with resources and competencies under the new system of constantly adapting sbf's, (4) understanding the wider regional implications with geographically overlapping responsibilities of DMOs.

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